(Washington, D.C.) - In Federal Reserve Chairman Ben Bernanke's remarks to the Chinese Academy of Social Sciences on December 15th, he stated that: "greater scope for market forces to determine the value of the RMB would also reduce an important distortion in the Chinese economy, namely, the *effective subsidy* that an undervalued currency provides for Chinese firms..."

Responding to the speech, Congressman Tim Ryan (D-OH-17) stated: **"Since April 2005, Congressman Duncan Hunter and I have been calling China's currency policy an export subsidy. We are thrilled that Chairman Bernanke shares that view."**

Congressman Duncan Hunter (R-CA-52) continued: **"Export subsidies, like the Chinese currency manipulation, distort the market and bankrupt U.S. industries. The Chinese need to stop this subsidy and play by the global trade rules."**

On April 6th, 2005, Congressmen Ryan and Hunter introduced H.R. 1498, a bill to clarify in U.S. trade law that currency undervaluation is an illegal export subsidy, actionable under the Trade Act of 1974, which was amended in accordance with the World Trade Organization's Subsidies and Countervailing Measures (SCM) agreement. The legislation argues that currency undervaluation is a "de jure" export subsidy.

China's policy on capital controls require all exporters to trade their U.S. dollars to a Chinese central bank at a rate dictated by the Chinese government (currently 7.82 yuan per dollar). All three of the WTO requirements for a trade practice to be determined an illegal subsidy are met in this case, namely (1) China's policy involves a financial contribution from the government, and it (2) provides a benefit to exporters which is (3) specific to trade.

Congressman Tim Ryan continued: **"Talk is cheap. We have had discussions for over three years, now is the time for action."**

Armed Services Chairman Duncan Hunter has repeatedly argued that U.S. trade dollars are funding China's militarization: **"Now is the time to keep America strong and end Chinese protectionism,"** he said.

H.R. 1498 has 178 bi-partisan co-sponsors in the House of Representatives, and a companion bill was introduced by Senator Jim Bunning of Kentucky on September 29th called S. 3992.